Group Selection
Priced as of June 12, 2018

Note: Group tickers incorporate hyperlinks to decile charts, and then a link to our Toolkit of the group members.

See back pages for user guide and disclaimer.
Sources for all charts: BMO Capital Markets
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### Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>46% / 47% / 56%</td>
<td>/ /</td>
<td>0% / 8% / 1%</td>
</tr>
<tr>
<td>Materials</td>
<td>43% / 46% / 55%</td>
<td>/ /</td>
<td>-6% / -1% / -7%</td>
</tr>
<tr>
<td>Industrials</td>
<td>43% / 44% / 56%</td>
<td>/ /</td>
<td>-5% / 3% / -2%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>46% / 47% / 55%</td>
<td>/ /</td>
<td>3% / 13% / 5%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>38% / 42% / 49%</td>
<td>/ /</td>
<td>-5% / 2% / 0%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>55% / 57% / 63%</td>
<td>/ /</td>
<td>6% / 13% / 7%</td>
</tr>
<tr>
<td>Financials</td>
<td>48% / 48% / 63%</td>
<td>/ /</td>
<td>-13% / -6% / -8%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>56% / 57% / 65%</td>
<td>/ /</td>
<td>2% / 10% / 4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>24% / 28% / 43%</td>
<td>/ /</td>
<td>-14% / -4% / -7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>27% / 27% / 44%</td>
<td>/ /</td>
<td>-13% / -8% / -8%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>32% / 35% / 51%</td>
<td>/ /</td>
<td>9% / 15% / 15%</td>
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*Three terms define the relative performance Z-Score rating versus the markets (US = S&P 500; GBL = MSCI AC World; CDA = S&P/TSX Composite)

(a) % Outperforming - what percentage of sector members is outperforming the market,
(b) Reward/Risk - how consistent is the median relative strength performance of the sector membership ( / / ranking),
(c) Trend Psn - what is the net percentage of the sector members which are breaking above/below relative strength channels.

The strength z-Score is weighted 60% towards the trend parameters (% outperforming and reward/risk ratios) and 40% towards the trend positions (reversals of trends). Gridlines are placed at 0.5 increments.

See Help Pages for further details.
Consumer Staples

June 12, 2018

Mark Steele (416) 359-4641

- **SoftDrinks**: 19 stocks; $492bn
- **AgriProd**: 24 stocks; $107bn
- **SprCnrs**: 14 stocks; $493bn
- **PkgFdMt**: 123 stocks; $1188bn
- **Tobacco**: 13 stocks; $553bn
- **HhlPrdct**: 18 stocks; $529bn
- **DrugRetail**: 6 stocks; $86bn
- **FdRetail**: 36 stocks; $364bn
Financials

- **Momentum**
  - FnlExchDt: 22 stocks; $419bn
  - InsurBkrks: 7 stocks; $123bn
  - InvBnkBrk: 37 stocks; $435bn
  - SpecialFin: 10 stocks; $25bn
  - AsstMgmt: 79 stocks; $609bn

- **Strength**
  - Multi-LnIns: 37 stocks; $521bn
  - DivCpMkt: 9 stocks; $195bn
  - OthersDivFS: 7 stocks; $105bn
  - Reinsuran: 11 stocks; $124bn
  - MltSecHld: 24 stocks; $415bn

- **ConsmrFin**
  - 17 stocks; $296bn
  - RegionBnk: 140 stocks; $730bn
  - P&C Insur: 60 stocks; $513bn

- **MortgREIT**
  - 25 stocks; $61bn

- **DiversBnk**
  - 158 stocks; $5338bn

- **LifeHthIns**
  - 46 stocks; $689bn

- **Thrift&Mtg**
  - 43 stocks; $135bn

- **P&C Insur**
  - 60 stocks; $513bn

June 12, 2018

Mark Steele (416) 359-4641
June 12, 2018

Information Technology

Momentum

Strength

ComEquip
40 stocks; $466bn

TechDist
14 stocks; $49bn

EMS
17 stocks; $149bn

ElecComp
36 stocks; $294bn

ElecInstr
43 stocks; $268bn

DataProc
47 stocks; $1010bn

InetSftSrv
10 stocks; $845bn

ITConsult
50 stocks; $743bn

Semi
80 stocks; $1434bn

ApplicSwr
58 stocks; $845bn

SystmSwr
34 stocks; $1199bn

HmEntSwr
12 stocks; $223bn

SemiEqp
45 stocks; $223bn

HdwrSt&P
42 stocks; $1557bn

36 stocks; $49bn

30 stocks; $59bn

40 stocks; $466bn

32 stocks; $149bn

43 stocks; $294bn

47 stocks; $1010bn

50 stocks; $743bn

80 stocks; $1434bn

58 stocks; $845bn

34 stocks; $1199bn

12 stocks; $223bn

45 stocks; $223bn

42 stocks; $1557bn
Momentum

Strength

June 12, 2018

Telecommunication Services

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AltCar
17 stocks; $56bn

WlsTelSrv
44 stocks; $872bn

IntgTelSrv
58 stocks; $1246bn

BMO Capital Markets
Group Strength
Our Global Group analysis is based on bottom-up equity relative strength analysis as opposed to industry group (index) relative strength analysis.

Strength Decile Defined By
1. What percentage of a group’s members are outperforming
2. How consistent that outperformance is
3. How the are members positioned (above/below) vs. their trend channels.

Momentum Decile
Rate of change of strength (change in 5-day moving average)

The Underlying Equity Relative Strength Analysis
Each day, for every equity we cover, our relative strength system assesses the best fit trend from a spectrum which covers a minimum trend duration of six months, and a maximum of 4-years. The “best fit” is the trend which maximizes duration, and minimizes deviation from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,700 securities.
- Groups have a:
  ...Median depth of 28
  ...Average depth of 36

Heat Map Colour and Symbol Guide
Strength is highlighted by the background of the group title
- Bright green = best (1st decile) transitions towards...
- Bright red = worst (10th decile)
Momentum is highlighted in the border of the group title
- Colour map for momentum is the same as strength
Symbols to the right of the group ticker show where a group moved from in the previous session. Below the group symbol we highlight the number and total market capitalization of the members in a group. Clicking on the group, which brings up the chart via a hyperlink, will help to clarify the moves.
User Guide 2 - Momentum

Our Goals:
- To buy outperforming stocks in favoured groups
- To avoid underperforming stocks in unfavoured groups
- To be alerted of and act on the changes

#1 Rule of Momentum: You can use it only if it exists

- In stable/trending markets, one can buy stocks with high strength and momentum and hold them as long as momentum does not turn negative (trend following).
- In very rotational markets (e.g., where credit, currency, commodity conditions are choppy/changing):
  - Buying high strength and high momentum may be dangerous (buying yesterday’s winners).
  - One is better off buying stocks with moderate strength and high momentum (bottom fishing).
User Guide 3 - Buy/Hold/Sell

Buy
- Groups with high strength and high positive momentum (top left) - “In Favour”
- Groups with moderate strength and high positive momentum - “Transitioning to Positive”
- Groups with mediocre strength and high positive momentum - “Gaining Favour”

Buy/Hold
- Groups with high strength and neutral momentum (middle left) - “Maintaining Favour”

Sell
- Groups with low strength and high negative momentum (bottom right) - “Out of Favour”
- Groups with moderately negative strength and high negative momentum - “Transitioning to Negative”
- Groups with mediocre strength and high negative momentum - “Losing Favour”
User Guide 4 - Hyperlinks To Decile Charts & Stock Selection

- Each group is hyperlinked to a chart that shows the relative strength decile as a function of time, and the moving average (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<td>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
<td>52.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
<td>41.6%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
<td>5.5%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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